
Nestlé three-month sales: 4.4% organic growth, full-year outlook confirmed

- Sales of CHF 20.9 billion
- 4.4% organic growth, 1.9% real internal growth
- Organic growth in developed markets 2.5%, emerging markets 6.7%
- Full-year outlook confirmed: we aim to achieve organic growth of around 5% with improvements in margins, underlying earnings per share in constant currencies and capital efficiency

Paul Bulcke, Nestlé CEO: “Our three-month sales growth was in line with expectations and driven by both real internal growth and pricing. We delivered good performances in Zone EMENA, Nestlé Waters and Other businesses. We continued our efforts to restore momentum in Zone AOA and in North America, and expect these initiatives to gain traction throughout the year. Our full-year outlook is confirmed: we aim to achieve organic growth of around 5% with improvements in margins, underlying earnings per share in constant currencies and capital efficiency.”

Business Review

In the first three months of 2015 organic growth was 4.4%, composed of 1.9% real internal growth and 2.5% pricing. Sales rose by 0.5% to CHF 20.9 billion, impacted by negative foreign exchange of -4.5%. Acquisitions, net of divestitures, added 0.6% to sales.

In 2015 we continued to grow in all geographies: 5.6% in the Americas (AMS), 4.5% in Europe, Middle East and North Africa (EMENA) and 2.2% in Asia, Oceania and sub-Saharan Africa (AOA). The developed markets grew 2.5% and the emerging markets 6.7%.

Zone AMS

Sales of CHF 5.8 billion, 3.7% organic growth, -0.2% real internal growth

- In **North America** there was a slow start to the year. The frozen meals category remained challenged, especially *Lean Cuisine*. We have taken action to reposition our brands, addressing all elements of the marketing mix, enhancing their relevance to consumers. We expect these initiatives to bring back momentum to the frozen category over the course of the year. Growth in North America came from *Coffee-mate*, from super-premium and snacks in ice-cream and from baking, driven by innovations in morsels and frozen cookie dough. Line extensions and new product launches did well for petcare, including *Beyond*, *Purina ONE* and *Tidy Cats* litters.

- The worsening macroeconomic environment had an impact across **Latin America**, with pricing taken under inflationary pressure in several markets. Brazil, affected by soft sales in ambient dairy, achieved good growth in confectionery with strong performances from *KitKat* and from biscuits, and in coffee from *Nescafé Dolce Gusto*. Cocoa and malt beverages also contributed. Mexico delivered solid contributions in soluble coffee and confectionery. *Dog Chow*, *Pro Plan* and *Cat Chow* helped drive double-digit growth for petcare across the region.

Zone EMENA

Sales of CHF 3.9 billion, 5.3% organic growth, 3.9% real internal growth

- All parts of the Zone delivered strong growth. Petcare was a driver with *Felix*, *Purina ONE* and *Gourmet*. *Nescafé Dolce Gusto* grew well across the Zone, as did ambient culinary and confectionery, both helped by the early Easter. Pricing had an impact in Eastern Europe and in Turkey.
- Most markets in **Western Europe** did well although Switzerland and Greece had a slower start to the year.
- In **Central and Eastern Europe** we saw good growth in Poland, Russia and Ukraine despite inflationary pressures.
- There was solid volume growth in the **Middle East and North Africa** regions with strong growth in Turkey driven by soluble coffee, and good performances across the Middle East, in spite of the challenging environment in Iraq and Yemen.

Zone AOA

Sales of CHF 3.6 billion, -0.2% organic growth, -2.3% real internal growth

- The Zone had a slow start to the year, mainly due to China, as expected. Our actions to renovate products, to innovate and to improve communication and distribution are on track. Also relevant was the slowdown in Nigeria.
- Innovations like *Nescafé Blend & Brew* and *KitKat Rubies* in Malaysia, *Chun* premium protein drink from Yinlu in China and the continuing roll-out of *Nestlé Milo Activ-Go* are laying the foundations for increased growth momentum in the **emerging markets**.
- The premium businesses continued to do well overall. Japan grew dynamically, thanks to the ongoing innovation in products and business models and continued good growth momentum in *KitKat*.

Nestlé Waters

Sales of CHF 1.7 billion, 7.3% organic growth, 7.5% real internal growth

- Nestlé Waters continued to deliver solid, broad-based organic and real internal growth in all three geographies. There was double-digit growth in the emerging markets and mid-single-digit growth in the developed markets.

- There was further growth acceleration for *Nestlé Pure Life*. The premium international brands *Perrier* and *S.Pellegrino* continued their good growth momentum in North America, Europe and the rest of the world. Among the local brands, *Erikli* in Turkey, *Al Manhal* in Saudi Arabia, *Buxton* in the United Kingdom and *Yunnan Shan Quan* in China grew strongly.

Nestlé Nutrition

Sales of CHF 2.6 billion, 4.3% organic growth, 1.3% real internal growth

- Nestlé Nutrition had a relatively slow start mainly impacted by tough comparisons, in particular in the more volatile markets in the Middle East, Africa and Russia. There were good performances in Asia and Mexico. Wyeth Infant Nutrition continued to deliver solid growth in infant formula and growing-up milks, driven by the premium brands *Illuma* and *S-26*, and by geographic expansion. Infant cereals did well in the United States, South East Asia and India. Pouches were a highlight for meals and drinks.

Other businesses

Sales of CHF 3.3 billion, 8.1% organic growth, 5.9% real internal growth

- **Nestlé Professional** had a good start to the year with growth balanced across the food and the beverage businesses. The growth was driven by emerging markets in Asia and Latin America, and Eastern Europe contributed.
- **Nespresso** continued to grow well in a competitive market, leveraging its constant innovation and renovation in machines, in services and its range of super-premium coffees. It also continued to expand internationally.
- **Nestlé Health Science** delivered solid sales growth with its three business areas; consumer care, medical nutrition and novel therapeutic nutrition, all contributing. Europe and China performed well. The key growth-drivers were the *Vitaflo* product range, *Alfamino* in the paediatric allergy range, *Boost* in North America and *Meritene* in Europe.
- **Nestlé Skin Health** continued to grow solidly with all businesses contributing and strong performances in the Americas and Asia. Growth in the prescription products business was helped by the launch of *Soolantra*, a topical treatment for rosacea. The North American rights to commercialise key aesthetic dermatology products, acquired last year, contributed to the strong growth momentum.

Outlook

We confirm our full-year outlook: we remain focused on our business long term, strengthening the foundations of future growth and we aim to achieve organic growth of around 5% with improvements in margins, underlying earnings per share in constant currencies and capital efficiency.

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Annex

Three-month sales overview 2015

	Jan.-Mar. 2015 Sales in CHF millions	Jan.-Mar. 2014 Sales in CHF millions (*)	Jan.-Mar. 2015 Organic Growth (%)	Jan.-Mar. 2015 Real Internal Growth (%)
By Operating Segment				
• Zone AMS	5'844	5'888	+3.7	-0.2
• Zone EMENA ^(a)	3'910	4'227	+5.3	+3.9
• Zone AOA	3'574	3'571	-0.2	-2.3
Nestlé Waters	1'697	1'603	+7.3	+7.5
Nestlé Nutrition	2'631	2'613	+4.3	+1.3
Other businesses ^(b)	3'262	2'920	+8.1	+5.9
Total Group	20'918	20'822	+4.4	+1.9
By Product				
Powdered and liquid beverages	4'584	4'771	+4.8	+1.9
Water	1'589	1'499	+7.4	+7.4
Milk products and ice cream	3'321	3'379	-1.3	-3.1
Nutrition and Health Science ^(b)	3'544	3'145	+7.7	+4.6
Prepared dishes and cooking aids	3'037	3'122	+2.2	+1.0
Confectionery	2'087	2'204	+7.5	+1.4
Petcare	2'756	2'702	+5.0	+3.6
Total Group	20'918	20'822	+4.4	+1.9

(*) 2014 figures have been restated on the following main transfers, effective as from 1 January 2015:

- the Maghreb, the Middle East, the North East Africa region, Turkey and Israel in Zone Asia, Oceania and Africa to Zone Europe;
- Growing-Up Milks business in the geographic Zones to Nestlé Nutrition;
- Bübchen business in Nestlé Nutrition to Other businesses.

a) Renamed following the above mentioned reorganisation.

b) Renamed following the creation of Nestlé Skin Health as from July 2014.